

Contact: **Ronda Sloan**

502-564-6098

502-330-1804 (cell)

News Release

HEARING SET ON PROPOSED SETTLEMENT WITH FORMER AIK COMP OFFICIALS

\$5 million offer, other legal actions to be heard Feb. 27 in Franklin Circuit Court

FRANKFORT, Ky. (Dec. 5, 2007) – Details of a proposed settlement with the former officers and trustees of AIK Comp will be heard Feb. 27 in Franklin Circuit Court. AIK Comp, a self-insured workers' compensation fund, entered rehabilitation in August 2004, and former member businesses have been assessed over \$90.7 million to fulfill the fund's benefit obligations.

Judge Thomas D. Wingate has been asked to approve the settlement that includes a \$5 million payment by Philadelphia Insurance Company on behalf of the former officers and trustees. The money would be used to reduce the fund's deficit and pay benefits to injured workers. The settlement offer represents the maximum amount available under the professional liability insurance policy.

The agreement also requires the dismissal of several additional legal actions, including wrongful termination suits by several of the former officers and an action filed against the former officers and trustees by certain AIK Comp member businesses. In addition, the motion, filed on behalf of the rehabilitator, asks the Court to enter a "bar order," which would end any past or present claims and prohibit future lawsuits against the former company officials. The agreement contains a provision requiring the AIK Comp estate to compensate the former officers and trustees for costs, including attorney fees, if the bar order is violated and claims are filed.

"Injured workers who rely on the fund to pay medical claims have been our primary concern. The influx of cash from the settlement should delay the need to call the promissory notes of the former member businesses, which were part of the court-ordered assessment," said Julie Mix McPeak, executive director of the Kentucky Office of Insurance, who serves as rehabilitator.

This legal action began in May 2005 when the rehabilitator filed a lawsuit seeking to recover monetary damages from the former officers and trustees, AIK Comp's sponsoring organization, its auditor and its actuary for alleged failures in the operation, management and sponsorship of AIK Comp. Claims against the other defendants remain.

While agreeing to the settlement, the named officers and trustees deny any liability in the fund's collapse.

Former group members and other interested parties will receive more detailed information from the court prior to the hearing.